

## Message Text

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SUBJECT: TABOR VISIT

IPS, IBS

FOLLOWING IS THE TEXT OF REMARKS PREPARED FOR DELIVERY BY UNITED STATES UNDER SECRETARY OF COMMERCE JOHN K. TABOR BEFORE A LUNCHEON MEETING OF THE ASIAN-PACIFIC COUNCIL FOR AMERICAN CHAMBERS OF COMMERCE (APCAC) AT 12:30 P.M SUNDAY, MARCH 17 AT THE TAIPEI PRESIDENT HOTEL.

I. LADIES AND GENTLEMAN:

I AM VERY PLEASED TO JOIN YOU HERE TODAY. I HAVE LOOKED FORWARD TO THIS EVENT SINCE SECRETARY OF COMMERCE DENT ASKED ME TO MAKE THIS TRIP.

THIS IS A UNIQUE AND MOST SIGNIFICANT GATHERING. ASSEMBLED HERE ARE REPRESENTATIVES OF AMERICAN BUSINESS AND INDUSTRY SPANNING THE ENTIRE ASIAN-PACIFIC AREA.

U.S. EXPORT TRADE IN THE AREA YOU REPRESENT TOTALED \$14.7 BILLION LAST YEAR. MY TRIP INCLUDES FOUR OF THESE COUNTRIES: JAPAN, HONG KONG, THE REPUBLIC OF CHINA AND KOREA. U.S. EXPORTS TO THESE FOUR COUNTRIES ALONE TOTALED \$11.5 BILLION  
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IN 1973.

MAY OF YOU HERE WERE DIRECTLY INVOLVED IN ACHIEVING THIS VERY IMPORTANT CONTRIBUTION TO THE U.S. BALANCE OF TRADE AND THE U.S. ECONOMY. ON BEHALF OF THE PRESIDENT OF THE UNITED

STATES, WE SALUTE YOU.

EQUALLY IMPORTANT, EVERY ONE OF YOU IS AN INFORMAL AMBASSADOR TO THE COMMUNITY IN WHICH YOU LIVE. DAILY, WHETHER YOU LIKE IT OR NOT, YOU REPRESENT THE UNITED STATES TO THOSE WITH WHOM YOU WORK. AND YOU PERFORM THE OTHER VITAL ROLE OF AN AMBASSADOR, NAMELLY, SENDING BACK TO THE UNITED STATES YOUR RECOMMENDATIONS CONCERNING THE ECONOMIC POSTURE OF THE U.S. IN THE ASIAN-PACIFIC AREA -- RECOMMENDATION BASED UPON YOUR EMPIRICAL, FRONT-LINE KNOWLEDGE OF THIS PART OF THE WORLD. IF YOU AND WE WORK EFFECTIVELY TOGETHER, THESE RECOMMENDATIONS SHOULD BE IMPORTANT ELEMENTS OF THE DEVELOPEMENT OF THE U.S. TRADE POLICY FOR THE ASIAN-PACIFIC AREA.

THAT IS WHY I AM HERE. THE U.S. NEEDS YOU. I AM GLAD TO BRING YOU A MESSAGE FROM HOME BUT I AM EVEN MORE INTERESTED IN GETTING FROM YOU, DURING THIS VISIT AND IN THE TWO-WEEK PERIOD I SHALL BE VISITING YOU AND YOUR COLLEAGUES, A MESSAGE TO TAKE HOME.

II. I HAVE BEEN DIRECTED TO BRING YOU A MESSAGE FROM HOME, AND I AM PROUD TO DO IT BECAUSE I BRING YOU NEWS WHICH IS RATHER GOOD OVERALL.

I THINK IT IMPORTANT THAT YOU HEAR THE FACTS AS THEY ARE BECAUSE SOMETIMES MUCH OF THE STRENGTH AND VITALITY OMNIPRESENT IN OUR COUNTRY TENDS TO BE DISREGARDED.

LET'S THEN LOOK AT THE FACTS, FIRST OF THE ECONOMY.

THE GROSS NATIONAL PRODUCT OF THE UNITED STATES IN 1973 WAS \$1.3 TRILLION. THIS YEAR IT IS EXPECTED TO INCREASE OVER \$100 BILLION TO A LEVEL OF \$1.4 TRILLION. THE RATE OF REAL GROWTH OF THE GROSS NATIONAL PRODUCT LAST YEAR WAS 5.9 PERCENT. UNEMPLOYMENT FOR THE YEAR WAS 4.8 PERCENT, HAVING BEEN AS LOW AS 4.6 PERCENT IN OCTOBER, THE LOWEST RATE OF UNEMPLOYMENT IN THREE YEARS. THIS GRADUAL REDUCTION OF THE LEVEL OF UNEMPLOYMENT WAS ACHIEVED WITHOUT A WAR AND WITHOUT THOUSANDS OF OUR YOUNG PEOPLE IN MILITARY SERVICE AND THEREFORE NOT IN THE CIVILIAN WORK FORCE. AVERAGE PERSONAL INCOME INCREASED AT THE RAPID RATE OF 10.6 PERCENT LAST YEAR AND PER CAPITA DISPOSABLE INCOME IN CONSTANT DOLLARS CONTINUES TO RISE DESPITE A DROP

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IN THE "REAL" EARNINGS OF CERTAIN CATEGORIES OF PRODUCTION WORKERS. THESE ARE FACTS WHICH WE TEND TO FORGET OR WHICH TEND TO GET BLURRED WHEN TRANSMITTED.

THE CHALLENGE AS WELL AS THE STRATEGY OF 1973 WAS IN FACT TO COOL AN OVERHEATED ECONOMY, AND ECONOMY RUNNING FLAT OUT, WITHOUT GOING INTO A RECESSION. GEORGE SHULTZ REFERRED TO THIS AS "MAKING A SOFT LANDING." THIS WAS TO BE DONE BY RESPONSIBLE FISCAL POLICY, BY HOLDING SPENDING TO \$250 BILLION IN FISCAL 1973. AND THE PRESIDENT DID IT. IN THE FISCAL YEAR ENDING JUNE 30, SPENDING WAS HELD TO \$246.5 BILLION, THOUGH MOST PEOPLE SCOFFED WHEN HE SAID HE WOULD DO IT.

IT WAS ALSO TO BE ACCOMPLISHED BY A "MODERATE MONETARY POLICY". THIS WAS ACHIEVED BY A RATE OF GROWTH OF THE MONEY

SUPPLY OF ABOUT 5.5 PERCENT. FINALLY, IT WAS TO BE ACCOMPLISHED THROUGH PHASE IV, WHICH PUT TOUGH CONTROLS ON WAGES, PRICES AND PROFITS.

THE POLICY WAS WORKING WELL UNTIL THE ARABS IMPOSED THE OIL EMBARGO AND SENT THE PRICE OF PETROLEUM SKYROCKETING, FROM \$3 A BARREL TO AS HIGH AS \$16.34 WITHIN WEEKS. AS YOU KNOW, THOSE TWO ACTIONS HIT THE U.S. AND ALL THE WORK HARD.

THESE ACTIONS HAVE POSED A MAJOR CHALLENGE TO THE RESILIENCE OF OUR ECONOMIC SYSTEM AND IT IS THE ADJUSTMENT OF THIS CHALLENGE THAT IS THE MAJOR ECONOMIC TASK IN 1974.

THE ECONOMY IS REALLY IN A SITUATION QUITE DIFFERENT FROM ANYTHING WE HAVE EVER HAD BEFORE. GENERALLY, THERE IS NO LACK OF DEMAND. CERTAIN AREAS OF THE ECONOMY, HOWEVER, ARE HIT BY LACK OF SUPPLY. THERE ARE SHORTAGES OF PETROLEUM, PETROCHEMICALS, COAL, COKE, BUILDING MATERIALS, STEEL, PAPER, CHEMICALS, PLASTICS AND FERTILIZER. THE DIRECT RESULT HAS BEEN ALMOST 65,000 PERSONS LAID OFF IN THE AUTOMOBILE INDUSTRY, INCREASED DEMANDS UPON FERROUS SCRAP IN THE MAKING OF STEEL (TO SAVE COAL), AND DISLOCATIONS IN THE PLASTICS INDUSTRY, REFLECTED TO A DEGREE IN THE TEXTILE AND FABRIC INDUSTRIES.

YET, AS I INDICATED, STEEL MILLS, ALUMINUM SMELTERS, REFINERIES, FERTILIZER AND INDEED, CONSTRUCTION INDUSTRIES ARE STILL RUNNING AT HISTORICALLY HIGH LEVELS OF OUTPUT. RESIDENTIAL HOUSING HAS BEEN SOFT BUT TURNED UPWARD SIX PERCENT THIS MONTH. BUT THE STRONGEST INDICATOR OF CONTINUING VITALITY IN THE ECONOMY IS THE PLANNED INVESTMENT OF \$113 BILLION DURING 1974 IN UNCLASSIFIED

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NEW PLANTS AND EQUIPMENT. A KEY ELEMENT IS GOING TO BE THE BUYING PATTERNS OF CONSUMERS. IF THEY INVEST IN NORMAL PATTERNS, THAT AND THE WIDESPREAD STRENGTHS OF THE ECONOMY SHOULD PROVIDE A BASIS FOR IMPROVEMENT AS THE YEAR PROGRESSES, DESPITE SHORT AGES.

I SEE UNEMPLOYMENT HIGHER IN 1974 THAN 1973, BUT NOT GREATER THAN SIX PERCENT, AND A GOOD CHANCE OF BEING BELOW THAT FIGURE FOR THE YEAR.

INFLATION IS A VEXING PROBLEM. IT IS THE DIRECT RESULT OF PEOPLE BEING PROSPEROUS AND VARIOUS GOODS BEING IN SHORT SUPPLY. ALTHOUGH CONSUMER PRICES INCREASED 8.8 PERCENT FROM DECEMBER 1972 TO DECEMBER 1973, THIS RATE WAS STILL ONE OF THE LOWEST IN THE WORLD. ALL NATIONS MUST STRIVE TO REDUCE THESE UNACCEPTABLE INFLATION PRESSURES. THE CURE IS EXPANSION OF SUPPLY, WHETHER OF FOOD, OF FUEL OR OF MANUFACTURED GOODS, AND IT IS OUR PURPOSE TO ACHIEVE GREATER PRODUCTION, NOT ARTIFICIAL AND EXCESSIVE RESTRAINTS ON EXPORTS.

IN SHORT, THE PROBLEMS CONFRONTING OUR ECONOMY CONTINUE TO BE THOSE OF PROSPERITY -- EXCESSIVE DEMAND IN MANY SECTORS, PROBLEMS WHICH MUST BE SOLVED TO AVOID THE EVEN MORE SERIOUS PROBLEMS OF RECESSION AND ALACK DEMAND. I BELIEVE AMERICA WILL COPE WITH THESE CHALLENGES SUCCESSFULLY IN 1974, ALTHOUGH

WE MUST REALISTICALLY RECOGNIZE THE CURTAILING INFLATION AND  
ENDING PRODUCTION DISTORTIONS WILL TAKE TIME.

INTERNATIONAL TRADE WILL PLAY A MAJOR ROLE IN MEETING  
THESE CHALLENGES. WE HAVE A STRONG, SOLID BASE TO BUILD ON.

IN 1973 WE TRIPLED OUR EXPORT GROWTH RATE AND ACHIEVED AN  
UNPARALLELED \$8 BILLION WING IN OUR TRADE BALANCE, FROM A  
\$6.4 BILLION DEFICIT IN 1972 TO A \$1.7 BILLION SURPLUS.

HOW WAS THIS ACHIEVED? AND WHAT ARE THE PROSPECTS FOR THE  
COMING YEAR?

THE ACHIEVEMENT WAS THE RESULT OF A SERIES OF ACTS AT THE  
PRESIDENTIAL AND DEPARTMENTAL LEVEL, WORKING WITH AND WITHIN  
THE PRIVATE ENTERPRISE SYSTEM.

THERE WAS A REMENDOUS DEMAND FOR AMERICAN FARM PRODUCTS  
ACROSS THE WORLD RESULTING FROM CROP SHORTAGES IN MANY LARGE  
CONSUMING AND PRODUCING COUNTRIES. AGRICULTURAL EXPORTS  
INCREASED BY 88 PERCENT, OR \$8.4 BILLION, RISING TO A LEVEL  
OF \$17.9 BILLION.

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PERHAPS THE MOST SIGNIFICANT EVEN TO IMPROVE OUR TRADE  
POSITION WAS THE DEVALUATION OF THE DOLLAR. PRESIDENT NIXON, IN  
A COURAGEOUS AND REALISTIC DECISION, REVERSED THE LONG-TIME  
POLICY OF EXAGGERATED VALUES FOR THE AMERICAN DOLLAR WHICH IN  
EFFECT SUBSIDIZED THE EXPORT EFFORTS OF OTHER COUNTRIES IN THE  
WORLD AT AMERICAN EXPENSE. THE SEQUENCE OF ADJUSTMENTS PERMITTED  
OUR PRODUCTS TO COMPETE AT A MORE REALISTIC PRICE AND MADE  
IMPORTS MORE EXPENSIVE. WORLD BUYERS SOUGHT OUT THE AMERICAN  
PRODUCTS AS A RESULT AND DOMESTIC PRODUCTS BECAME MORE APPEALING  
TO AMERICAN CONSUMERS. LET ME NOTE THAT THIS VITAL DECISION  
DIDN'T JUST HAPPEN. IT WAS MADE BY THE PRESIDENT. IT TOOK  
COURAGE AND A FULL UNDERSTANDING OF INTERNATIONAL TRADE AND  
FINANCE, AND IT WAS A STRONG ACT OF LEADERSHIP.

RECENTLY, AS A RESULT OF OUR POSITIVE TRADE BALANCE, OUR  
GREATER CAPACITY TO ENDURE THE ENERGY SHORTAGE AND THE RENEWED  
RESPECT AROUND THE WORLD FOR OUR ECONOMY, THE VALUE OF THE

DOLLAR HAS STEADILY INCREASED SO THAT SOME OF THE ADVANTAGES WHICH WE ENJOYED IN 1973 FROM THE DEVALUATION WILL NOT BE PRESENT IN 1974.

AT THE SAME TIME THAT THE PRESIDENT WAS TAKING THESE ACTIONS, HE PUT IN PLACE -- WITH THE CONGRSS AND THROUGH THE DEPARTMENT OF COMMERCE -- A SERIES OF OTHER ACTIONS DESIGNED TO PRODUCE A COORDINATED, AGGRESSIVE EXPORT EXPANSION PROGRAM ENHANCED BY A FREE MARKET TRADE POLICY ENVIRONMENT, STRONG EXPORT STIMULATION AT HOME AND EFFECTIVE MARKETING ASSISTANCE ABROAD.

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SPECIFICALLY, WITHIN THE PAST FEW YEARS THERE MAJOR INITIATIVES HAVE BEEN UNDERTAKEN:

THE EXPORT-IMPORT BANK LENDING AUTHORITY WAS INCREASED FROM \$13.5 BILLION TO \$20 BILLION AND A FAST-SERVICE, AGRESSIVE POLICY WAS SET IN PLACE UNDER CHAIRMAN HENRY KEARNS. PRESIDENT NIXON HAS PROPOSED TO THE CONGRESS A FURTHER INCREASE TO \$30 BILLION. THE DISC (DOMESTIC INTERNATIONAL SALES CORPORATION) WAS MADE AVAILABLE TO U.S. FIRMS SELLING ABROAD. TO DATE, 4,500 HAVE BEEN CREATED. THE PRESIDENT, ON DECEMBER 20, 1973, LAUNNCHED A DRIVE TO EXPAND EXPORTS OF THE 200 TOP EXPORTING CORPORATIONS BY 22 MEMBERS, TO ACCOMPLISH THE GOAL.

AT THE SAME TIME, PRESIDENT CREATED THE PRESIDENT'S INATERAGENCY COMMITTEE ON EXPORT EXPANSION, UNDER THE CHAIRMANSHIP OF THE SECRETARY OF COMMERCE, TO REMOVE GOVERNMENTAL OBSTACLES TO EXPORTS.

THE DAY AFTTER THE 1973 TRADE SURPLUS WAS ANNOUNCED, THE PRESIDENT REMOVED CAPITAL CONTROLS ON OVERSEAS INVESTMENT. THE DEPARTMENT OF COMMERCE, BUREAU OF INTERNATIONAL COMMERCE, LAUNCHED THE TARGET INDUSTRY PROGRAM (TIP) IDENTIFYING THOSE 15 PRODUCT CATEGORIES MOST RIPE FOR EXPORT EXPANSION.

THE DEPARTMENT OF COMMERCE ESTABLISHED THE MAJOR EXPORT PROJECTS PROGRAM IN WHICH THE DEPARTMENT ZEROS IN ON MULTI-MILLION DOLLAR UNDERTAKINGS ABROAD AND ALERTS AND ASSISTS AMERICAN ENTERPRISE IN GETTING THE CONTRACTS FOR THESE PROJECTS.

THE DEPARTMENT OF COMMERCE, THROUGH ITS 43 DISTRICT OFFICES, ACCELERATED THE NUMBER OF TRADE MISSIONS AND TRADE FAIRS IN WHICH AMERICAN INDUSTRIES PARTICIPATED AROUND THE WORLD.

THE DEPARTMENT OF COMMERCE, IN COOPERATION WITH THE DEPARTMENT OF STATE, OPENED ADDITONAL TRADE CENTERS, BRINGING TOE PRESENT NUMBER TO 13. I SHALL OPEN THE 14TH IN TAIPEI TOMORROW AND THE 15TH IN SEOUL ON MARCH 20TH.

IN RECENT MONTHS, IN THE VERY FACE OF THESE STRONG ACTIONS TO EXPAND EXPORTS, DOMESTIC INFLATION, WORLDWIDE SHORTAGES AND THE ARAB OIL EMBARGO HAVE CAUSED CONGRESS TO REACT WITH A WAVE OF ISOLATIONISM AND NATIONALISM; A SERIES OF BILLS HAVE BEEN INTRODUCED TO IMPOSE EXPORT CONTROLS ON A WHOLE LIST OF PRODUCTS: FERROUS SCRAP, SOYBEANS, LOGS AND OTHERS.

THE ADMINISTRATION HAS RECOGNIZED THE UNDERLYING EMOTIONS INVOLVED, BUT WE BELIEVE THERE IS A CRITICAL NEED TO MAINTAIN OUR EXPORT POSITION. THIS IS THE PRIME REASONS WHY WE INTEND TO

TREAD VERY LIGHTLY IN THE AREA OF EXPORT CONTROLS. WITH REGARD  
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TO EXPORTS, AS WELL AS IMPORTS, IT IS THE ADMINISTRATIONS'S  
PURPOSE TO KEEP THE U.S. ECONOMY AND THE WORLD ECONOMY AS FREE  
AS POSSIBLE. I CANNOT GUARANTEE THAT A LIMITED NUMBER OF  
ACTIONS WILL NOT PROVE NECESSARY IF DOMESTIC SHORTAGES DEVELOP  
IN PARTICULAR COMMODITIES,BUT I CAN SAY WITH SOME ASSURANCE  
THAT THE U.S. SOURCE OF SUPPLY FOR OVERSEAS MARKETS WILL NOT  
BE DRAMATICALLY DIMINISHED.

AN OVERARCHING ACTION WHICH THE PRESIDENT AND CONGRESS  
ARENOW ENGAGED IN TO ASSURE A FREER TRADE ENVIRONMENT AROUND  
THE WORLD, AND THROUGH IT GREATER OPPORTUNITIES FOR AMERICAN  
EXPORTS, IS THE PASSAGE OF THE PENDING TRADE REFORM BILL AND  
THE PARTICIPATION OF THE UNITED STATES IN THE GATT (GENERAL  
AGREEMENT ON TARIFFS AND TRADE) MULTILATERAL TRADE NEGOTIATIONS.  
THE TRADE BILL HAS BEEN PASSED BY THE HOUSE AND IS NOW PENDING  
IN THE SENATE. IT AUTHORIZES THE PRESIDENT TO NEGOTIATE  
EFFECTIVELY WITH OUR TRADING PARTNERS THROUGH THE REST OF  
THE WORLD. THE AUTHORIZING SECTIONS ARE SATISFACTORY. OTHER  
PROVISIONS NEED TO BE IMPROVED AND WE BELIEVE THAT A BILL  
SATISFACTORY TO THE PRESIDENT WILL EMERGE FROM CONGRESS.

ONCE THE LAW IS ENACTED, THE UNITED STATES WILL BARGAIN  
HARD FOR A FAIRER SHAKE IN FOREIGN TRADE FOR U.S. EXPORTS, BOTH  
IN RELATIONS TO TARIFF BARRIERS AND PARTICULARLY AS REGARD NON-  
TARIFF BARRIERS. ONE OF THE SPECIFIC TARGETS OF SPECIAL INTEREST  
TO THIS AUDIENCE IS OUR GOAL OF OBTAINING A REDUCTION OF  
JAPANESE TARIFFS AND THE WHOLE RANGE OF JAPANESE NON-TARIFF  
BARRIERS. A NUMBER OF JAPANESE NON-TARIFF BARRIERS HAVE BEEN  
REDUCED OR ELIMINATED IN THE LAST FEW YEARS, BUT MANY REMAIN.  
WITH RESPECT TO NON-TARIFF BARRIERS IN GENERAL,WE ARE SEEKING  
THEIR ELIMINATION, OR IF THAT IS NOT POSSIBLE, AGREEMENTS  
RESTRICTING THE METHODS AND COVERAGE OF THEIR APPLICATION. WE  
SHALL ALSO BE SEEKING COMMITMENTS BY OTHER COUNTRIES TO LIMIT  
FUTURE ACTIONS ON CREATING NEW NON-TRADE BARRIERS OR INTENSIFYING  
OLD ONES.

I CAN ASSURE YOU THAT IN THESE NEGOTIATIONS, WE ARE GOING  
TO PROCEED ON THE BASIS OF OVERALL RECIPROCITY AND MUTUAL  
ADVANTAGE.

I CAN ASSURE YOU THAT IN THESE NEGOTIATIONS, E ARE GOING  
TO PROCEED ON THE BASIS OF OVERALL RECIPROCITY AND MUTUAL  
ADVANTAGE.

THIS MEANS THAT WE SHALL BE DEMANDING CONCESSIONS FROM OUR  
TRADING PARTNERS ON A BASIS OF EQUITABLE AND FAIR EXCHANGE. IN  
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OUR RELATIONSHIPS WITH OUR TRADING PARTNERS, THE DAY OF "UNCLE  
SAM" AS RICH AND INDULGENT UNCLE IS OVER.

WE SHALL BE MINDFUL, OF COURSE, OF THE SPECIAL NEEDS OF  
DEVELOPING COUNTRIES. WE RECOGNIZE THAT THESE COUNTRIES WILL

OFFER LESS THAN FULL RECIPROCITY IN NEGOTIATIONS ON TARIFFS AND NON-TRADE BARRIERS. WE BELIEVE, HOWEVER, THAT THEY SHOULD BE EXPECTED TO RATIONALIZE THEIR IMPORT SYSTEMS, THAT THEY SHOULD DO AWAY WITH UNNECESSARILY RESTRICTIVE PRACTICES, AND CONVERT THEIR COMPLEX NON-TRADE BARRIERS TO STRAIGHTFORWARD TARIFFS OR MORE SIMPLE DEVICES. WE WOULD CONSIDER THIS KIND OF ACTION AS HELPING TO SATISFY THE REQUIREMENT OF PROVIDING A DEGREE OF RECIPROCITY.

WE ALSO HOPE TO BE ABLE TO GRANT THE DEVELOPING COUNTRIES GENERALIZED TARIFF PREFERENCES DESIGNED TO ENHANCE THE CONTRIBUTION TRADE CAN MAKE TO THEIR DEVELOPMENT.

IV NEEDLESS TO SAY, A REPORT FROM HOME WOULD NOT BE COMPLETE WITHOUT DISCUSSING ENERGY. THE OPPORTUNITIES THAT WE IN OUR COUNTRY AND, INDEED, THOSE OF OTHER COUNTRIES, HAVE BUILT SO PAINSTAKINGLY OVER THE PAST 25 YEARS IN TRADE, INVESTMENT, ECONOMIC PROGRESS AND UNEQUALLED PROSPERITY ARE SEVERELY THREATENED BY THE EMBARGO LAST OCTOBER ON SHIPMENT OF OIL TO CERTAIN LONG-TIME CUSTOMERS AND DRAMATIC INCREASES IN THE PRICE OF OIL.

YOU ARE WELL AWARE OF THE AGONIZING QUESTIONS WHICH THESE ACTIONS HAVE POSED TO ALL COUNTRIES AROUND THE WORLD, PARTICULARLY LESS DEVELOPED COUNTRIES. WILL THERE BE ENOUGH ENERGY FOR THE NATIONS OF THE WORLD TO ACHIEVE THEIR GOALS OF A BETTER LIFE FOR THEIR PEOPLE? WILL IT BE AVAILABLE AT A PRICE THEY CAN AFFORD?

THE UNITED STATES IS MORE FORTUNATE THAN MOST NATIONS IN DEALING WITH THIS NEW PROBLEM. OF THE 19 MILLION BARRELS OF OIL A DAY WHICH WE CONSUME, A MAXIMUM OF ONLY 2.3 MILLION BARRELS OF OIL A DAY NORMALLY COMES FROM THE ARAB COUNTRIES AND WE ARE BLESSED WITH SUPPLIES OF COAL, SHALE WHICH CAN BE CONVERTED TO SYNTHETIC FUEL AND WE ARE WORLD LEADERS IN ATOMIC POWER. WE HAVE HAD AND WILL HAVE DISLOCATIONS; WE HAVE HAD AND MAY HAVE MORE CHANGES IN OUR STYLE OF LIVING. BUT AMERICA IS, I CAN SAY, MEETING THE CHALLENGE AND SOLVING THE PROBLEM. LET ME GIVE YOU AN ILLUSTRATION: THE NEW YORK TIMES OF MARCH 3, TOLD THIS STORY OF THE CHANGEOVER OF THE FORD PLANT AT WAYNE, MICHIGAN:

"IN DECEMBER THE PLANT WAS PRODUCING 688 FULL-SIZED FORDS  
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A DAY. ON DECEMBER 21, THE LAST ONE (A YELLOW, TWO DOOR LTD) ROLLED OFF THE ASSEMBLY LINE. NOW IT IS TURNING OUT 560 COMPACT MAVERICKS A DAY. AND THERE ARE PLANS TO STEP UP THE OUTPUT TO 960 A DAY BY SUMMER.

"THE SWITCH AT WAYNE INVOLVED LAYING OFF 3,500 PRODUCTION WORKERS, TEARING OUT THE INSIDE OF THE PLANT AND WORKING 24 HOURS A DAY FOR 51 DAYS, INCLUDING CHRISTMAS. AT ONE POINT IN JANUARY ALL TWO MILLION SQUARE FEET OF THE PLANT WAS EMPTY. WAITING FOR NEW EQUIPMENT TO BE INSTALLED." TODAY, THE PLANT IS EMPLOYING 3,600 WORKERS\*

IN TACKLING THE OIL CHALLENGE, THE BASIC ADMINISTRATION POLICY HAS BEEN JOBS, NOT COMFORT. THE SUPPLY OF OIL NEEDED TO KEEP INDUSTRY AND AGRICULTURE GOING HAS BEEN GIVEN TOP

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AMERICAN RESPONDED WELL. INDUSTRY ANSWERED A CALL FOR VOLUNTARY CONSERVATION, AND HAS NEARLY ACHIEVED THE NATIONWIDE GOAL OF SAVING THE EQUIVALENT OF ONE MILLION BARRELS OF OIL A DAY.

PRIVATE CITIZENS HAVE MANAGED TO OPERATE ON 20 PERCENT LESS GAS, DRIVING SLOWER AND LESS, AND ENDURING LONG AND IRRITATING LINES AT SERVICE STATIONS. WE HAVE AVOIDED AND WILL AVOID RATIONING.

THE PRESIDENT'S ENERGY CZAR, BILL SIMON- BRIGHT AND INDEFATIGABLE -- HAS HUNG IN WITH ALLOCATIONS, UNDER THE LAW CONGRESS PASSED IN NOVEMBER, AND SPREAD THE SHORT SUPPLY AROUND, THOUGH NOT WITHOUT SOME EXPRESSIONS OF PAIN.

THESE INTERIM MEASURES HAVE DEALT WITH THE IMMEDIATE SHORTAGES.

AT THE SAME TIME, THE PRESIDENT HAS MOVED TO EXPAND THE LONG-TERM SUPPLY. WE HAVE PROJECTS UNDERWAY TO:

-- CONSTRUCT THE ALASKA PIPELINE (WHICH WILL ADD ONE MILLION BARRELS A DAY)

-- INCREASE OIL AND GAS LEASING AND PRODUCTION ON THE OUTER CONTINENTAL SHELF

-- INCREASE PRODUCTION OF COAL FROM OUR VAST DEPOSITS WHICH CAN SUPPLY OUR NEEDS FOR 300 YEARS AT CURRENT RATES OF CONSUMPTION.

-- EXTRACT OIL FROM THE SHALE OF THE ROCKY MOUNTAIN WHICH CAN SUPPLY AN ADDITIONAL 150 YEARS OF DEMAND:

-- DEVELOP OUR GEOTHERMAL RESERVES ON FEDERAL LANDS, AND  
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SPEED CONSTRUCTION OF NUCLEAR POWER PLANTS.

IN ADDITION, THE PRESIDENT IS LAUNCHING A MASSIVE \$10



BILLION RESEARCH EFFORT TO DEVELOP PROMISING NEW TECHNOLOGIES  
IN THE FIELDS OF COAL GASIFICATION AND LIQUEFACTION, FUSION  
POWER AND SOLAR ENERGY

I PERSONALLY ADVOCATE A "PARITY PROGRAM" FOR FUEL LIKE  
THAT WE HAD FOR AGRICULTURE. I BELIEVE AN ASSURED PRICE FOR  
FUEL CAN STIMULATE THE GROWTH AND TECHNOLOGICAL DEVELOPMENT  
FOR ENERGY JUST AS IT PRODUCED THE MOST PRODUCTIVE FOOD IN  
THE WORLD.

WE SHALL HAVE PROBLEMS, BUT I BELIEVE THE UNITED STATES  
WILL SUCCESSFULLY MEET ITS ENERGY CHALLENGE, BECAUSE OF:

-- DOMESTIC RESOURCES WHICH CAN PROVIDE OVER 85 PERCENT OF  
OUR ENERGY NEEDS:

-- SCIENTISTS AND ENGINEERS OF GREAT RESOURCEFULNESS AND  
PRACTICALITY;

--- PRIVATE ENTERPRISE SYSTEM THAT IS RESILIENT AND  
PRODUCTIVE AS IT RELEASES THE CREATIVITY OF MILLIONS OF DECISION  
POINTS;

-- THE CONTINUING VITALITY AND DETERMINATION OF THE  
AMERICAN PEOPLE.

MOREOVER, IN THE PROCESS OF MEETING THAT CHALLENGE, WE'RE  
GOING TO BECOME A STRONGER, MORE PRODUCTIVE NATION, NOT WEAKER.  
INCREASING OUR DOMESTIC ENERGY SUPPLIES WILL CALL FOR NEW  
PROCESSES, PLANTS, EQUIPMENT, RAILROADS, PIPELINES AND COMMUNI-  
TIES, ALL INVOLVING BILLION OF DOLLARS IN INVESTMENT, AND  
THOUSANDS OF NEW JOBS.

V BUT I DON'T NEED TO REMIND YOU LEADERS IN INTERNATIONAL  
BUSINESS THAT THE ENERGY PROBLEM IS WORLDWIDE, AND THAT THE  
UNITED STATES, AS A MEMBER OF THE COMMUNITY OF NATIONS, HAS  
A RESPONSIBILITY TO HELP DEVELOP GLOBAL SOLUTIONS.

THE ACTION BY THE ARAB NATIONS MADE ALL OF THE NATIONS  
OF THE WORLD FACE UP TO BASIC POLICIES. HOW IN THE LONG RUN  
WILL BE BEST INTEREST OF ALL OF US BE SERVED?

YOU WILL RECALL THAT THE PRESIDENT, SHORTLY AFTER THE ARAB  
NATIONS ANNOUNCED THE EMBARGO, CALLED A CONFERENCE OF THE LEADING  
INDUSTRIAL COUNTRIES TO CONSIDER THE PROPER RESPONSE TO THE NEW  
CHALLENGE. THE CONFERENCE WAS HELD IN WASHINGTON A MONTH AGO  
AND, AS THE PRESIDENT EMPHASIZED TO ITS MEMBERS, FAR MORE WAS AT  
STAKE THAN JUST THE SUPPLY OF OIL, IMPORTANT AS THAT IS. ALSO  
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CHALLENGED, AS HE POINTED OUT, WAS THE DESIGN OF A WORLD OF  
PEACE AND PROGRESS BASED ON COOPERATION AMONG NATIONS.

ONE ROUTE IS THE THREAT OF RIVALRY AND COMPETITION RUN  
AMOK. IT IS THE POLICY OF BILATERAL ARRANGEMENTS, WITH EVERY  
MAN FOR HIMSELF AND THE DEVIL TAKE THE HINDMOST. IT IS THE  
POLICY OF NARROW SELF-INTEREST. IT IS AUTARCHY. THE SAME  
ATTITUDE EASILY BECOME CONVERTED INTO PROTECTIONISM, QUOTAS,  
COMPETITIVE DEVALUATION AND EXPORT CONTROL.

THE OTHER ROUTE IS A LONGER TERM LOOK AT THE SHRUNKEN WORLD  
IN WHICH WE LIVE WHERE ONE NATION MAY NEED OIL, ANOTHER SOYBEANS  
AND WHEAT, ANOTHER SCIENCE AND TECHNOLOGY, AND WHERE TRADE AND

MULTILATTERAL ARRANGEMENTS CAN MAXIMIZE THE BENEFITS OF ALL OF THESE FOR THE LARGEST NUMBER OF PERSONS.

AS THE PRESIDENT TOLD THE ENERGY CONFEREES, IF INSTEAD OF DEVELOPING A COMMON POLICY, EACH OF THE OIL CONSUMING NATIONS WENT OFF ON ITS OWN, IT WILL "...DRIVE THE PRICE OF ENERGY UP, IT WILL DRIVE OUR ECONOMIES DOWN AND IT WILL DRIVE ALL OF US APART".

THE PRESIDENT ALSO LINKED THE NEED FOR UNITY IN ECONOMIC AFFAIRS TO THE NEED FOR UNITY IN MILITARY SECURITY. HE POINTED TO THE ISOLATIONIST SENTIMENT OF THOSE IN AMERICA WHO BELIEVE THAT THE U.S. SHOULD UNILATERALLY WITHDRAW FORCES FROM EUROPE AND FROM ALL OVER THE WORLD. BUT HE REJECTED ANY SUCH NOTION, AND DECLARED : "WE CAN HAVE NO SECURITY IN THE WORLD UNLESS WE ARE SECURE AND UNLESS WE ALL COOPERATE."

THE PRESIDENT ASSURED THE WORLD THAT THE UNITED STATES WILL INDEED CONTINUE TO COOPERATE WITH OTHER NATIONS FOR MUTUAL SECURITY, AS WELL AS IN TRADE, MONETARY AFFAIRS AND THE FIELD OF ENERGY.

FORTUNATELY FOR THE WORLD, FORTUNATELY FOR THE FUTURE OF MEN EVERYWHERE, THE ENERGY CONFERENCE HEEDED THE PRESIDENT'S WISDOM.

THE FINAL CONFERENCE COMMUNIQUE ANNOUNCED AGREEMENT:

-- TO HARMONIZE NATIONAL INTERESTS WITH MAINTENANCE OF THE WORLD ECONOMIC SYSTEM.

-- TO DEVELOP A SYSTEM OF ALLOCATING OIL SUPPLIES IN TIMES OF EMERGENCY.

-- TO ACCELERATE ENERGY RESEARCH AND DEVELOPMENT PROGRAMS THROUGH INTERNATIONAL COOPERATIVE EFFORTS.

-- TO AVOID COMPETITIVE DEPRECIATION OF CURRENCIES IN

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DEALING WITH BALANCE-OF-PAYMENTS PROBLEMS, AND

-- TO SEEK A CONFERENCE WITH OIL PRODUCING COUNTRIES WITH A VIEW TO STABILIZING SUPPLIES AND PRICES.

SO THERE IS REASON TO BE CONFIDENT THAT THE CHALLENGE OF THE ENERGY CRISIS WILL BE MET, NOT ONLY INTERNALLY IN THE UNITED STATES, BUT ON AN INTERNATIONAL SCALE THROUGH THE COOPERATIVE EFFORTS OF ALL NATIONS.

AND JUST AS THIS UNDERTAKING CAN STRENGTHEN AMERICA, SO CAN IT STRENGTHEN WORLD UNITY. OUR COMMON DEPENDENCE ON THE MOST BASIC FORCE IN THE UNIVERSE GIVES NEW MEANING TO OUR COMMON DEPENDENCE ON ONE ANOTHER.

WE KNOW THAT THE COURSE AHEAD WILL NOT BE WITHOUT ITS SETBACKS, ITS TENSIONS AND DISAGREEMENTS. WE KNOW THAT THE ADVANCE TO NEW PLATEAUS OF PEACE THROUGH INTERNATIONAL COOPERATION WILL REQUIRE PERSEVERANCE AND A NEW ORDER OF STATESMANSHIP ON THE PART OF ALL NATIONS.

PROVERBS TELLS US , "WHERE THERE IS NO VISION, THE PEOPLE PERISH." THE ENERGY CHALLENGE OPENED OUR EYES.

AT THE WASHINGTON CONFERENCE, EIGHT MAJOR OIL CONSUMING COUNTRIES HAD A VISION BLENDED OF PRACTICALITY AND IDEALISM.

THOSE PRESENT PAUSED AND RECOGNIZED THAT THEY NEEDED EACH OTHER'S PURCHASING POWER, RESEARCH AND DEVELOPMENT CAPABILITIES, AND ENERGY PRODUCING CAPABILITIES AS WELL AS RATIONAL INTER-DEPENDENT MONETARY SYSTEMS, MORE OPEN TRADING SYSTEMS AND INTER-

RELATED SECURITY SYSTEMS, FOR EACH TO ACHIEVE ITS GREATEST WELL BEING AND FOR ALL TO ACHIEVE A MORE PROSPEROUS PEACEFUL WORLD.

THE UNITED STATES IS PREPARED TO PLAY A KEY ROLE IN BUILDING THIS COOPERATIVE FRAMEWORK FOR WORLD PROSPERITY AND PEACE. YOU, AS PRIVATE AMBASSADORS OF THE UNITED STATES IN THE ASIAN-PACIFIC AREA, ARE ALSO KEY FIGURES IN THAT TASK. LET US ALL GET ON WITH THE WORK AT HAND.

THANK YOU.

CLARKE

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